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Institutions and Conventions of Quality

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Abstract: »*Institutionen und Qualitätskonventionen*«. Several contributions of the special issue "Conventions and institutions from a historical perspective" (HSR 36.4) show that the dynamics of institutions and conventions are different and therefore the analysis of their interactions is of crucial issue, as we will to show in a first part. In a second part, we propose to analyse the use of the notion of "convention of quality" and in particular, the link between this notion and the capabilities of experts, in a distributed cognition perspective.

Keywords: conventions of quality, institutions, expertise, distributed cognition.

Generally speaking, economics of convention (in short EC) recognises that beyond institutional codified rules which organise the "markets" there is a place for more informal or implicit rules that we can call "conventions". They facilitate the coordination of economic agents under the conditions of uncertainty and of incomplete rules, in particular by stabilizing commune designation or qualification of product (people or other entities), legal and statistical categories. As several contributions of the special issue HSR 36 (4) show, this notion of 'convention' is narrowly connected with that of language and interpretative issues.

The question of interpretation is at the heart of the contribution of Alain Desrosières (2011) in which he remarkably shows the critical posture of the founding fathers of EC concerning quantification (although they have been trained to statistical tools at a very high level). For them, it is important to take into account the fact that statistical categories are based on conventions of equivalence which are always criticized and change over time. It constitutes a serious obstacle to the constructions of long time series by historians and economists using cliometrics. A good example is given by the contribution of Laurent Thévenot (2011) on the transformation of statistical surveys on professional and social mobility. He shows the incommensurability between surveys, since underlying principles and public action orientations had strongly changed over the period 1960-2000.

Several contributions also show that the dynamics of institutions and conventions are different and therefore the analysis of their interactions is of crucial issue, as we will to show in a first part. In a second part, we propose to

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analyse the use of the notion of “convention of quality” (Eymard-Duvernay et al. 2006) and in particular, the link between this notion and the capabilities of experts, in a distributed cognition perspective.

1. The Dynamics of Conventions and Institutions

We join the editors of this special issue for considering institutions, like legal rules, as a way to rule conflicts, to arbitrate between different rules or claims, to supply a normative reference that can change in time. The construction of this normative reference implicates a deliberative activity taking into account different criteria of justice, including economic efficiency (for our concern), and the evolution of the environment (Salais 1998).

1.1 The Institutionalisation Process

A main idea advanced by EC is that the emergence of institutional codified rules is preceded by a more or less preparatory period of debates, affairs or scandals. These debates lie on the anterior constitution of different kinds of associations, collective bodies elaborating critical arguments, political claims, cognitive artefacts like statistics, categories, and definitions of products or technological process. All of this cognitive and political work at the macro level relies on the research of cooperative solutions designed, at the micro level, by economic actors themselves for resolving their coordination problems, beyond their conflicts of interests. When conflicts remain, it can lead to the state’s intervention.

As a result, the institutionalisation process, its normative power, not only depends on the sole political energy (the will of a government) or the promotion of a good balance between different concerns, but also on this decentralised (micro) research of cooperative solutions, the cognitive work and the political construction of interests combined. We can therefore think of institutionalisation and in particular of the regulative power of law as an interactive process between legal texts and cooperative solutions elaborated by the micro actors themselves, a process in which different kinds of “intermediaries” play an important role (Bessy et al. 2011).

Thus, it is accurate to show how ‘local’ or ‘micro’ actors redefine general rules. A good example is given by the contribution of Claire Judde de Larivière and Georges Hanne (2011) in which they show how occupational groups reworked nomenclatures (of profession) by incorporating elements of endogenous classification, inspired by their knowledge of the various technical aspects of their occupations. This process leads to constant negotiations (boundaries struggles) whose purpose was to characterize the social status and prestige related to occupations.

Nevertheless institutional rules have the power of constraining economic agent's behaviours: without this power of constraint, we could not understand why collective actors want to orientate the legislative process towards their proper advantage and why micro actors try to take over the law by cheating or more generally, by playing with the rules.

Philippe Minard's (2011) contribution gives of good illustration of the strategic use of the law. The collective advantage of maintaining standards could be strangely mixed with the individual hope of receiving the dividends from fraud. Besides, he shows the different uses of the regulation and their complementarities. Codified standards could be weapons for the most powerful: the traders. They could use standards to constrain suppliers in order to get pieces at the best possible prices, even when these standards were no longer applied.

These arguments help to explain bizarre differences of opinion on regulation and its abolition. According to Minard, this instrumental vision of certification norms and procedures does not yet take into account the representations of quality that actors mobilize. The notion of 'quality' remains a fundamental constitutive element of trade pride (vocational pride): good work attracts other's respect and fosters self-esteem.

1.2 The Change of Convention

The contribution of Bert De Munck (2011) has the merit to question EC on the dynamic of conventions in the long run (the history of conventions), from the study of guild's regulations related to product quality. The author identifies a specific convention based on "intrinsic value", i.e., value related to raw materials used in the composition of the product. This composition is warranted by the seal of guilds (hall marks) whose members play a political role in the government of the cities.

This type of convention would complete the approach from Boltanski and Thévenot by introducing epistemological considerations.¹ According to De Munck, these considerations constitute a factor of change of conventions, in reference to the post-structuralism perspective developed par Foucault, Callon and Latour:

While intrinsic value as a convention was connected to the idea of matter possessing mysterious, religious and creative power in itself, natural philosophers naturalized matter from the seventeenth century on. As a result; value may ha-

¹ In their model of justification, Luc Boltanski and Laurent Thévenot (2006) advance the main idea that coordination and evaluation involve "justification", that is to say what is good and just in a certain "world" ('cité' in French). In this perspective, the notion of "convention" refers to the definition (shared representation) of the common good, being given a plurality of fair principles allowing judging (and ranking) people and things. It leads to consider more explicitly both the cognitive and deontic (if not political) aspects of conventions, although certain conventions have the pure practical aspect of reducing the costs of coordination.

ve become synonymous with either the product's place in a taxonomy of products or the meaning produced in discourses external to the product (De Munck 2011, 103).

In Latour's terms, "this may be seen as a 'purification process', in which objects or nature lost all "agency" while subjects (scientists) constructed the myth of humans being autonomous actors detached from objects" (De Munck 2011, 115).

This perspective is very stimulating for the EC approach and its underlying theory of value which is based upon social construction processes. EC addresses critics to economics theories which consider value as a substance (utility, labor, and scarcity) embodied in commodities, a value exterior to any trades. The emphasis on social construction process and collective beliefs is particularly relevant to explain the institution of currency.²

Nevertheless Michel Foucault in *Les mots et les choses* (1966) gives a good account of the tensions between "monnaie-signe" and "monnaie-marchandise" which refers to two different episteme. In one case, the (monetary) sign refers to a space of representation, computation and exchanges ("la monnaie n'est qu'une richesse du signe dont le crédit est fondé sur la marque du prince", Foucault 1966, 195). In the other case, the currency connects precious materials and representations ("Les signes de l'échange, écrit Foucault, parce qu'ils satisfont le désir, s'appuient sur le scintillement noir, dangereux et maudit du métal" Foucault 1966, 184). By referring solely to the economics of sign, without any reference to the material support of the currency, we forget an ultimate gage of authenticity (trust) that exchanges need.

The convention of 'intrinsic value' advanced par de Munck is therefore relevant, but leads to certain paradoxes. Is the notion of convention still relevant for apprehending this mode of valorization of products? As De Munck suggests himself, "the choice for intrinsic value was not an arbitrary one" (De Munck 2011, 110). More than artisan skills (belonging to the guild), it was the best way to ground trustworthiness, also connected to the status of the masters in the city (which represent the common good). So, without any reference to arbitrary choice, we can simply speak about a "common or a shared practice" which is progressively imposed according to an evolutionary process.

On the other side, is it relevant to talk about "intrinsic value", knowing that the quality of raw material can itself be discussed and consequently present a conventional aspect? It seems to us that this kind of valuation is not akin with the categories of judgment because it is perceptual capacities that are first engaged and affected by raw materials. Association mechanisms, described by

² From this point of view, an author like André Orléan (2011) addresses a radical critic to these economic theories because value can be searched for itself as a universal purchasing power, because of the role played by the currency. It is the institution that grounds the value and the exchanges. The author makes a parallel between religious and monetary beliefs.

Foucault (the French notion of ‘similitudes’), connect the value of the object and the value of the subject (the spiritual presence of the master in the matter). This raises the question of authenticity.

The new mode of valuation of product can be interpreted as a shift from a Renaissance to Classical episteme in which “truth became something man-made”. The same process is at work with the foundation of the law. The introduction of these epistemological considerations allows us to question conventions: how they were produced, but also and more fundamentally, the very notion of convention and its close similarity to the one of institution and the importance of deliberative activity in their emergence.

However, it seems to us that De Munck is too quick with the treatment of the model of justification of Boltanski and Thévenot and its capacity to account of different “conventions of quality”, as it is proposed by the contribution of Christof Jeggle (2011) on “Pre-industrial Worlds of Production”.

2. Conventions of Quality and Experts' Capabilities

For Jeggle (and in a certain way also for Minard), extended markets raise the issue on the product’s legal definition and the actors struggle for the recognition of their own definition. They try to impose the standard that advantages them, by passing alliances with others actors, including political actors, in order to eliminate (or scream) cheaper competitors.

2.1 The Instruments (Devices) of the Quality

Signalling that standard is largely conventional as it allows a lot of actors to be coordinated. The stake is to stabilize a qualification that makes consensus, a convention, in order to reduce coordination costs. In this perspective, as De Munck’s contribution shows, it is only the composition of the product that matters. Within this standard product market, price competition rules the exchanges and the conditions of entry. Far to be a natural process, the authors notice that this kind of market relies on the social definition of the products and of their exchange modalities. In this configuration, the differentiation of the products passes by their filing, according to their conformity or not to the standard (qualified, half-qualified and dis-qualified products).

The reference to a ‘world of serial production’ advanced by Jeggle is problematic. Nothing is said about the existence of optimization of transports flows and packaging. More generally, the author ought to pay more attention to the different devices mobilized by the actors. In this perspective, the economy of quality analysed by Minard leads him to set focus on different devices (‘dispositifs’) of quality judgement by which products are qualified and economic agents delegate a part of their assessment power: networks of personal relation-

ships, and more impersonal devices: appellations, labels, and trade-marks, fair of market, classification, gazette (about new fashion trends), and advertising campaign. The analysis of Jeggle (2011) could also more differentiate active and passive consumers, autonomous and heteronomous ones. Indeed, the liberal critic makes reference to the capacity of the buyers themselves to assess the qualities of the products.

2.2 Expert Capabilities and Distributed Cognition

Another interesting point of Minard's contribution (on London leather market) is the analysis of the competences of the experts during the skins inspection and the role played by joint management under the Flaying act (Minard 2011). No specific text defined the criteria to distinguish between proper and improper flaying. The quality of skins could only be assessed by the subjective judgment of the inspectors.

In this context, we think that their judgments are neither objective, nor subjective; experts share commune perceptions which permit to pass from the material properties of things to qualifications of the products, from sensations to judgments, from corporal tests to representations. Without these commune perceptions, the risk is that the judgment is the result of pure crossed expectations, as in a pure coordination game. It is what Minard may want to mean by "pure convention". This raises the issue both of the material embeddedness (anchorage) of quality conventions and of the constraints weighing on the learning process.³

Cognition is not a pure mental process but is distributed in the socio-material environment.⁴ In this perspective, we do not agree with the criticism addressed by Rainer Diaz-Bone and Robert Salais to Douglas North (Diaz-Bone and Salais 2011). Starting with distributed cognition North clearly shows the limits of the economic approach in which rationality is defined independently of social context (Knight and North 1997). He therefore explores other approaches which adopt a more complex point of view on cognition, rationality and social context. Decisions are then the product of representations which are incorporated in institutions and in other cultural symbols.

³ Nevertheless, the author is right when is pointed out that this kind of agreement or shared judgement, unlike agreement which refer to written rules, is more flexible and allow the experts to take into account the market conditions and more generally the changes of environment. But that introduces an uncertainty on the result of expertise.

⁴ In this perspective, the works on distributed cognition (Hutchins 1995) are very exciting in order to understand the links between competences mobilised at work and technological and organisational knowledge incorporated in equipment, tools, cognitive artefacts, including gathering devices and indigene languages, and organisational rules.

That leads us to a more endogenous concept of institutions within the new historical institutionalism susceptible to build a bridge with the situated pragmatism adopted by EC (Bessy 2002).

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